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BELLSOUTH

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December 3, 1998

EX PARTE

RECEIVED

DEC - 3 1998

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
1919 M Street, NW, Room 222
Washington, D.C. 20554

Re: CC Docket No. 98-56 and CC Docket No. 98-121

Dear Ms. Salas:

This is to inform you that Chris Shagnea and the undersigned, both of BellSouth, and Dr. Fritz Scheuren, Dr. Susan Hinkins and Dr. Ed Mulrow of Ernst & Young met with members of the Common Carrier Bureau staff. The following Common Carrier Bureau staff members attended at least part of the meeting: Alex Belinfante; Claudia Fox; Jake Jennings; Michael Pryor; Andrea Kearney and Daniel Shiman.

During the meeting, BellSouth representatives described workshops that the Louisiana Public Service Commission ("LPSC") staff held on November 30 and December 1 in LPSC Docket No. U22252 – Subdocket C. The purpose of these workshops was to identify the performance measurements, standards and statistical analyses that the LPSC should use to determine whether BellSouth is meeting its statutory obligation to provide CLECs with nondiscriminatory access to UNEs and services. In particular we focused upon the efforts of Ernst and Young to develop statistical tests for analyzing performance data to determine whether BellSouth was meeting those statutory obligations. The presentation was based upon the two enclosed attachments and the filing included in our notice of written ex parte filed on December 2, 1998 in the two dockets identified above.

Because the Commission has been considering issues related to performance measurements and standards in both proceedings identified above, we are filing notice of this ex parte meeting in both dockets, as required by Section 1.1206(a)(2) of the Commission's rules. Please associate this notice with both.

Sincerely,

Kathleen B. Levitz

Kathleen B. Levitz
Vice President- Federal Regulatory

Attachments

cc: Alex Belinfante
Andrea Kearney
Claudia Fox
Michael Pryor
Jake Jennings
Daniel Shiman

STATE OF PLAY

READY-TO-CALL

MODIFYING OPERATING SYSTEMS

ADJUSTING FOR LINE-TO-LINE

NEED FOR DEEP TESTING

FEASIBILITY OF LARGE NUMBERS OF TESTS

PERMUTATION TESTING

IMPROVED TEST

STATE OF PLAY - CONT

READY TO CALL

IMPROVE BJT SENSITIVITY TO CLEC VARIANCE DIFFERENCE

TWO-SIDED TESTING

SIGNIFICANCE LEVEL (I2, I3)

OPEN STILL

MORE MEASURES TO BE LOOKED AT

MORE FOLLOWUP ON WITHIN WIRE CENTER VARIABILITY

STATE OF PLAY - CINT

OPEN STILL

FURTHER WORK ON MSA / LATA

"CHOOSING" 5 TO 10 KEY MEDIUMS

CONFIRMING BST APPROACH WORKS GENERALLY

INDEPENDENCE

STATISTICAL PROCESS CONTROL

BST

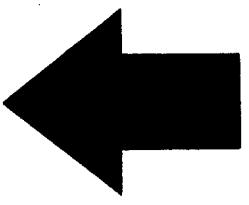
LCUG

Initial Request

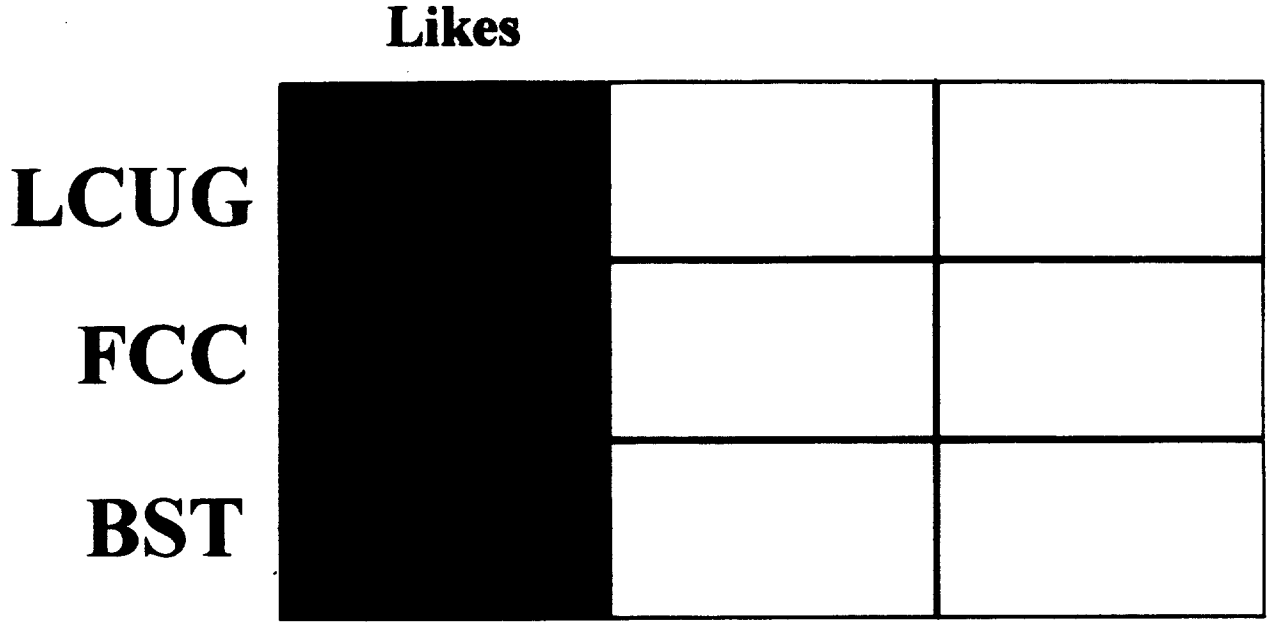
Introduction

First Results

Root Cause?

Methods Review 

Break


Likes
LCUG
FCC
BST

Likes-To-Likes

All Three "Modified Zs" Can Be Adjusted By Our Methods To Compare Likes-To-Likes

But There Is More Than One Way To Do So

We Have Standardized For Differences In Service Mix

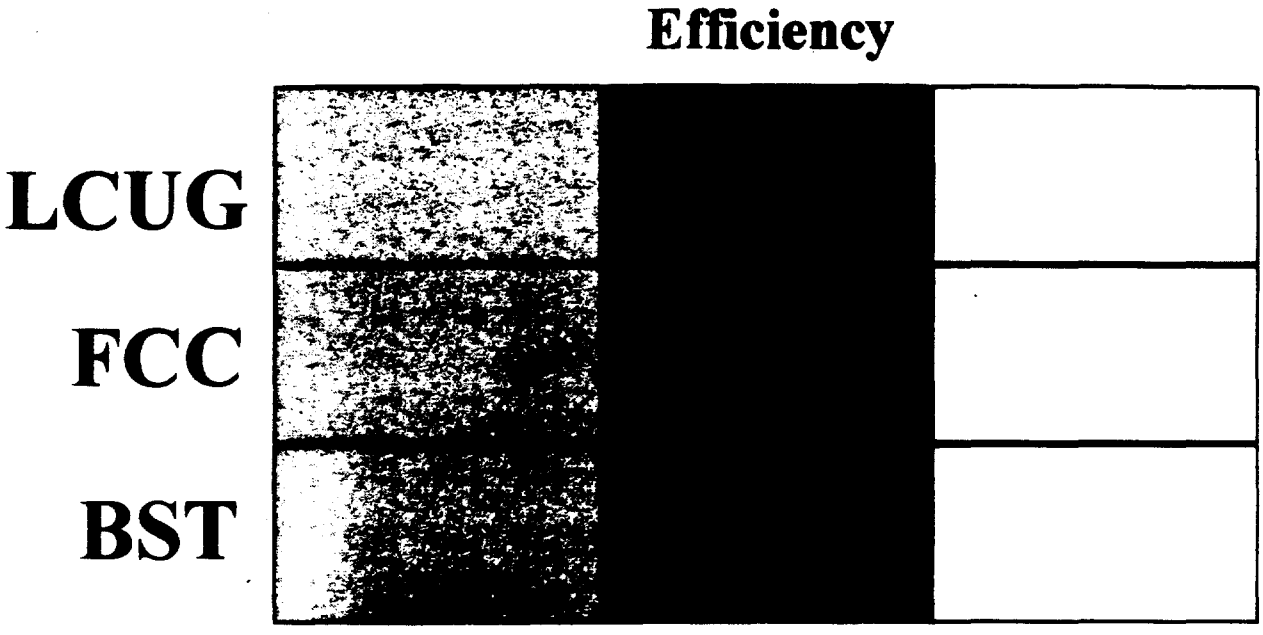
We Recommend Testing The Adjusted Values Which Result

Fine Disaggregation And Deep Testing Is An Alternative But Not Our Choice

Using SQM Reported Values Without Refinement Is Also Not Recommended

Key Is To "Match" Likes-To-Likes As Deeply As Possible

While Testing At A Very High Level To Avoid Assumption Failures


Efficiency
LCUG
FCC
BST

All Three "Modified Zs" Have Essentially The Same Efficiency

BST Variance Estimates Become Equivalent To LCUG And FCC Test Statistics When All Assumptions Hold

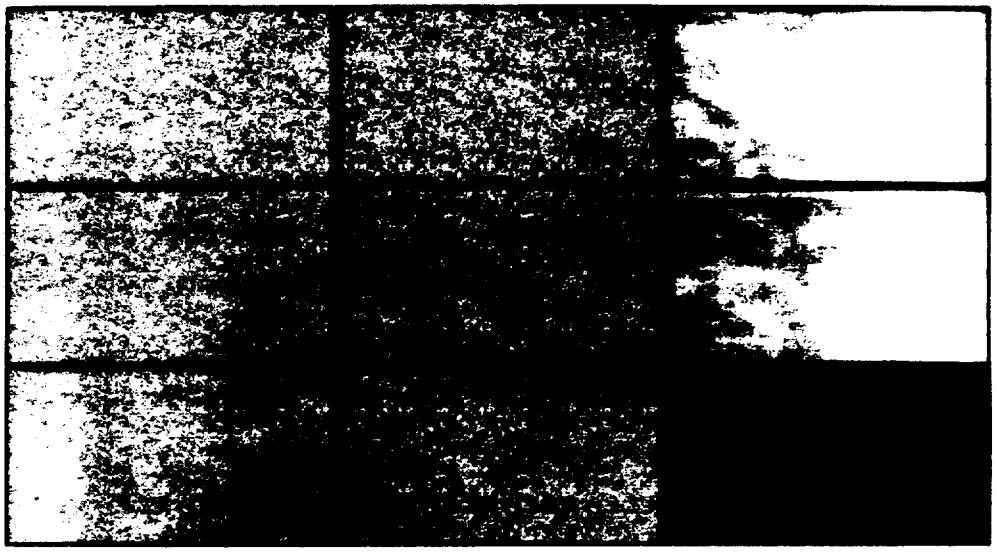
Variance Calculations In The BST Version Generalize Readily Across Many Measures And Over Time

Assumptions

LCUG

FCC

BST



Appropriate Assumptions

The Methods We Have Loosely Titled The "BST Approach" Work Well In Settings Where LCUG Or FCC Do Not

For OSS Response Interval We Saw LCUG And FCC Could Not Be Calculated

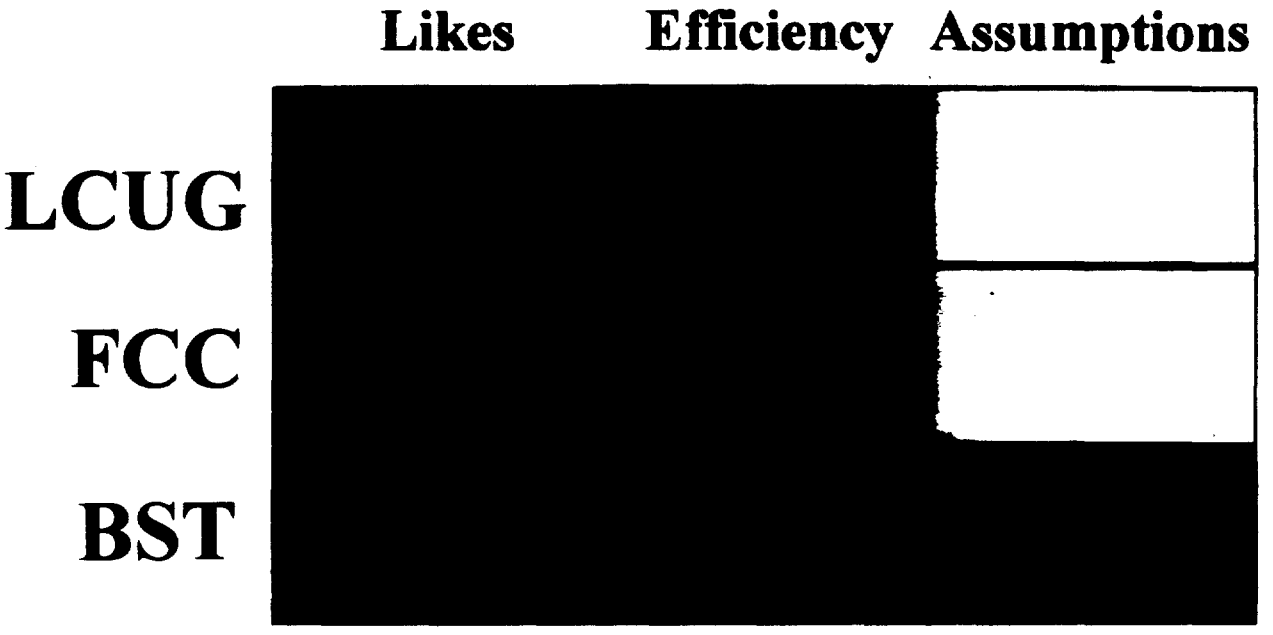
We Did Devise A Successful BST Test For OSS

We Found Evidence Of Dependence Within Comparable Services Within A Wire Center

Wire Centers Are Different

These Differences Must Be Accounted For

Only BST Does This


Likes
Efficiency
Assumptions
LCUG
FCC
BST

Bottom Line

Essential To Refine Like-To-Like As Much As Possible

We've Only Begun Here

Making Comparisons Of Adjusted Values Also Improves Soundness Of BST Distributional Assumptions

Efficiency And Power Of All Methods Roughly Equal

BST Behaves Better In Some Key Settings And Never Worse

"BST Approach" Is Flexible Enough To Be Safely Used In Settings Studied

Initial Request

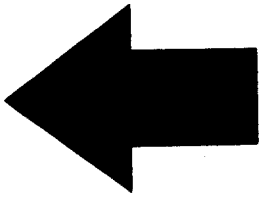
Introduction

First Results

Root Cause?

Methods Review

Break



Disaggregation Request

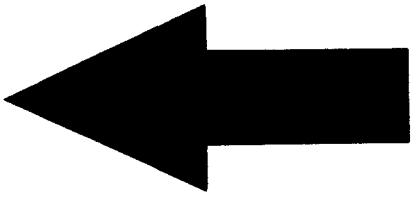
Introduction

Geographic Analysis

Simulations

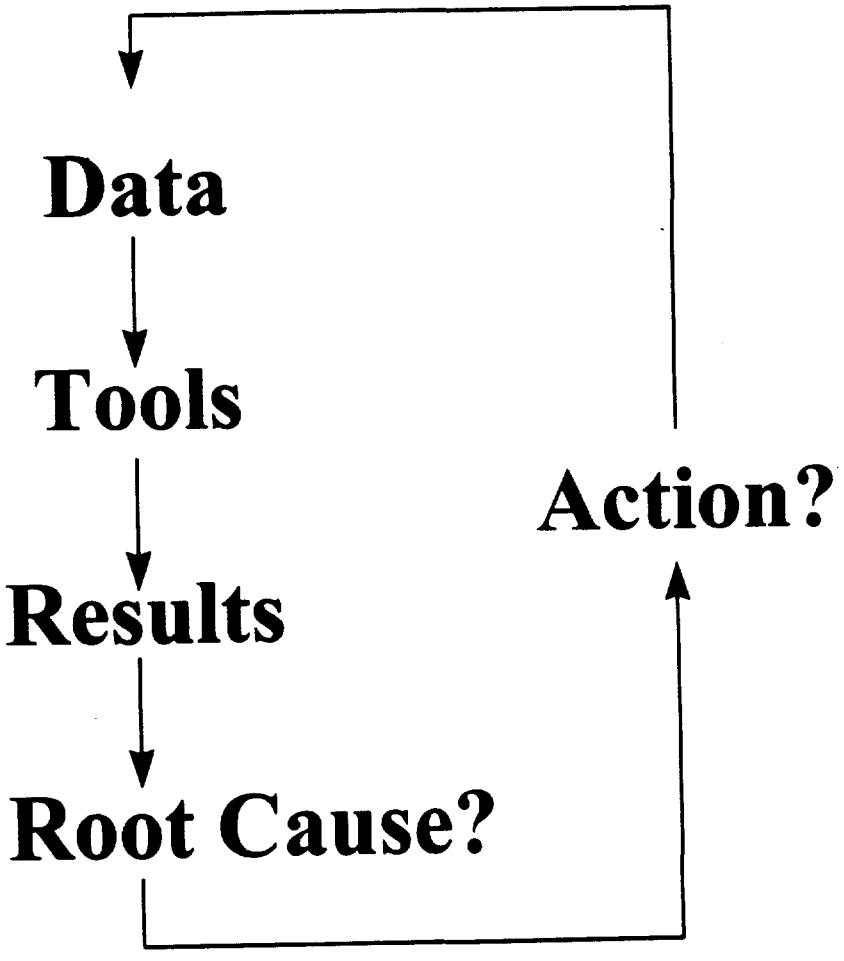
Recommendations

Wrap-Up



End

Overall BST Approach



All Three "Modified Zs" Have Essentially The Same Efficiency

BST Variance Estimates Become Equivalent To LCUG And FCC Test Statistics When All Assumptions Hold

The Methods We Have Loosely Titled The "BST Approach" Work Well In Settings Where LCUG Or FCC Do Not

BST Calculations Are Feasible To Set Up And Keep-Up

Key Is To "Match" Likes-To-Likes As Deeply As Possible

While Testing At A Very High Level To Avoid Assumption Failures

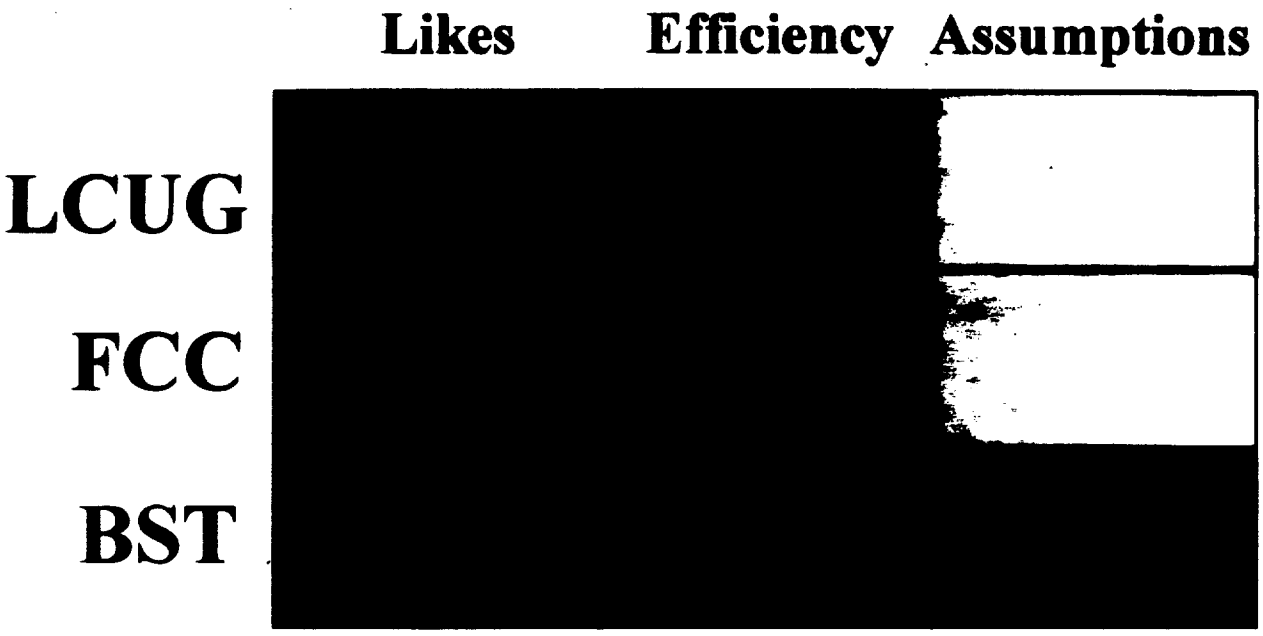
Fine Disaggregation And Deep Testing Is An Alternative But Not Our Choice

Using SQM Reported Values Without Refinement Is Also Not Recommended

"BST Approach" Is Flexible Enough To Be Safely Used In Settings Studied

We Expect BST Variance Calculations To Generalize Readily

Commission's Standards



Our Standards

Respects Data

Appropriate Assumptions

Understandable

Efficient

Feasible

Improvable

Actionable

Not A "Gotcha"

"Fair"